

Beach Road makeover

Even though construction of the crown jewel of the area, the \$2.5 billion South Beach project, may be deferred, and the tender for the Ophir-Rochor white site cancelled, the refurbishment of older, smaller buildings in the hands of new owners is still very much alive

| BY CECILIA CHOW |

Beach Road, with its medley of shophouses, mixed-use commercial developments and high-rise office towers, was earmarked last year by the authorities as "the next development hot spot".

While Marina Bay and the existing CBD will continue to be key commercial centres in Singapore to meet the demand for space coming from the financial, business services and tourism sectors, the Beach Road/Ophir-Rochor corridor "will be developed as strategic gateways to the city centre", according to the URA Master Plan 2008. The plans call for the doubling in size of Singapore's financial district to that of Hong Kong's with a total of 30.35 million sq ft office space.

In line with its development plans for the area, the government also promoted a 2.67 ha white site located on Ophir Road-Beach Road and adjacent to Parkview Square at an international property road show in Cannes early this year. The white site has the potential to be developed into a mixed-use project with commercial space of 1.5 million sq ft in gross floor area and a 480-room hotel. Pegged at a price tag of \$1.4 billion back in March, it was regarded then by property analysts as the most desirable on the government's list of confirmed sites for sale this year.

The enthusiasm was not unfounded as the consortium of City Developments Ltd (CDL), Dubai World's Istithmar World, and Elad Group bid for, and won, another site along Beach Road in September 2007 for \$1.69 billion. The new mixed development on the 376,737 sq ft site, which includes the conservation of the former Non-Commissioned Officers' Club and three army barracks built in the 1930s, is designed by renowned architect Norman Foster.

"I see [Beach Road] as a definite CBD extension but not necessarily like Harbourfront," observes Chris Archibold, regional director and head of markets at Jones Lang LaSalle. "It will have more of an entertainment feel with the retail portion of CDL's Beach Road development and the iluma, an urban entertainment centre currently under construction on Victoria Street. We may well also see more F&B outlets springing up in the shophouses to service the new apartments and offices."

Global financial crisis clouds development plans

By October, as the global financial crisis continued to ravage markets, and Singapore fell into recession, it was clear that something had to be done. On Oct 31, the URA cancelled the tender for the Ophir Road-Beach Road white site, and along with the other sites on the confirmed list, was pushed into the reserved list, meaning a site will only be launched for tender

if triggered by an offer by a developer with a minimum bid that meets the URA's reserve price for the site.

In November, CDL also announced that the consortium was deferring the construction of the \$2.5 billion South Beach project to 2H2009 in anticipation of lower construction costs.

The authorities have gone ahead to gazette Master Plan 2008, which puts into effect the government's plan for land use over the next 10 to 15 years. The government is sticking to the four key thrusts outlined in the plan: "to enhance Singapore as a home of choice, a magnet for business, an exciting playground and a home to cherish", according to URA in the Dec 5 announcement. The "magnet for business" is where Ophir Road-Beach Road is positioned, and the government plans to release more development land parcels in the area over the next five to 10 years.

The mega development projects may have been shelved for now, but there are still pockets of redevelopment or refurbishment of older buildings taking place on Beach Road. For instance one of the most significant launches this year was that of Concourse Skyline in September, developed by the family-owned, Singapore-listed Hong Fok Corp.

Construction of the 360-unit Concourse Skyline residential high-rise towers has started and consists of redeveloping the Concourse retail podium and serviced apartments. The developer also paid the government \$83 million to get a new 99-year lease on the site.

The soft launch may have been ill-timed — just the week before the collapse of Lehman Brothers on the weekend of Sept 13/14 — however, Hong Fok still sold 60 units out of 90 released in the first phase that week, with prices ranging from \$1,500 to \$1,800 psf.

Philip Cox, the appointed design architect of Concourse Skyline, joins the growing list of luminary architects who've developed projects along Beach Road — Paul Rudolph for the original Concourse development,



Archibold: Most of the new developments along Beach Road are by very established and in many cases famous architects. The area will be significantly rejuvenated with the new buildings planned in the area.



The white site (the green field in front of Parkview Square) on Ophir Road-Beach Road has been moved from the confirmed list to the reserved list

The Gateway by I.M. Pei, James Adams for Parkview Square, and Norman Foster for the upcoming South Beach project.

"Most of the new developments along Beach Road are by very established and in many cases [boast] famous architects," acknowledges Jones Lang LaSalle's Archibold. "The area will be rejuvenated significantly with the new buildings being planned in the area."

Investor interest

A couple of older commercial buildings changed hands earlier this year and are now at various stages of refurbishment and repositioning, a sign of investor interest in the area. One of them is KeyPoint, a 25-storey office building with two retail/F&B podium levels. It was acquired by the former Allico Commercial REIT (now Frasers Commercial Trust) in December last year for \$370 million, in an attempt to improve its tenant mix and hence, rentals.

Early this year, real estate equity fund, Fine Grain Property, purchased the former InCity Lofts for \$70 million. It is close to completing the refurbishment of the eight-storey building into a designer boutique office project called "700 Beach", and is already 75% leased.

Meanwhile, in August, British container transportation company Bulkhaul Ltd acquired the six-sto-

rey office building at 67 Beach Road from NTUC Income for \$21.5 million. Previously called NTUC Income Beach Junction, the building is located across the street from Shaw Towers and the upcoming South Beach project. Bulkhaul is said to be planning a facelift and refurbishment of the building to be in keeping with the government's plans to rejuvenate Beach Road, and the Ophir Road-Rochor Corridor.

Another building that's ripe for redevelopment is the Golden Mile Complex, which commands a prominent frontage along Beach Road and the Nicoll Highway. Built at a cost of \$18 million in 1973, it was pronounced "a vertical slum", "terrible eyesore" and "national disgrace" by Nominated Member of Parliament Ivan Png two years ago. Various attempts by owners to put the development up for collective sale failed due to complications, the main one being the 705 strata-titles in a mixed use development with residential, retail and offices, each entitled to its own share of votes. The new and more cumbersome en bloc regulations introduced on Oct 4 last year made things worse.

With the fallout of the global financial crisis, weakening property market and high construction costs, developers' appetite for such collective sales have waned. Any plan of a collective sale by the owners will have to be shelved until the market

improves. "Ideally, it should be refurbished in line with the plan to spruce up this area," admits Jones Lang LaSalle's Archibold.

Government picks up slack

Private sector development projects may have taken a backseat, but the government is picking up the slack and going ahead with its plan to invest a total of \$6.7 billion in three stages for the construction of the Circle Line MRT project. That will make the whole Beach Road corridor more accessible, and extend the connectivity of Beach Road towards the East Coast and HarbourFront, says Archibold. The three stages of the Circle Line will have 29 MRT stations in a 33.3km stretch. Some of the stations will be in the vicinity of Beach Road, including Nicoll Highway MRT, and Promenade Circle Line MRT.

In addition to boosting infrastructure and accessibility, the government is also keen on preserving Beach Road's eclectic charm. The road is surrounded by the cultural, arts and education hub in Bras Basah Road combined with the urban entertainment district of Bugis; the hodgepodge of F&B and retail businesses in the conservation shophouses in the Kampong Glam district; the upcoming Sports Hub and Kallang waterfront district; and the Marina Bayfront developments. They all play a role in the rejuvenation of Beach Road. ■



1 SOUTH BEACH DEVELOPMENT

Architect: Norman Foster
Owner: City Developments Ltd, Dubai World and F&D Group
Description: Mixed-use project featuring a 45-story office tower, a 427-room hotel, a 450-unit high South Tower, development consists of office, hotel and residences as well as areas marked for conservation.
TDR date: 2012
Tenure: 99 years
Site area: 316,237 sq ft
Gross floor area: 1.58 million sq ft
Recent activity: Sold for \$1.689 billion. Positioned as an environmentally-friendly building, the development is aiming to achieve the BCA Green Mark Platinum Award, the highest category for sustainability.



2 SHAW TOWERS

Architect: Harsen van Steeren & Partners
Owner: Shaw Towers Realty
Year built: 1974
Floor area: about 10,000 sq ft
Gross floor area: about 280,000 sq ft
Anchor tenants: DTZ Debenham & Leroyn, Dalken Corp, Bates 141 Singapore, BIC World, Frost & Sallman, Hill & Knowlton

3 67 BEACH ROAD

Owner: Buhhad
Architect: Starkey
Description: Six-story office development near the South Beach development at the junction of Middle Road and Beach Road.
Tenure: 99 years
Year built: 2002
Site area: 3,045 sq ft
Net leasable area: 1,751 sq ft
Floor area: 3,000 sq ft per floor
Recent activity: Buhhad acquired the property from NITC, home in August for \$21.5 million and plans to refurbish the building in line with government plans to reposition Beach Road including the Opus Beach corridor.



BEACH ROAD GOES UPMARKET

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4 PARKVIEW SQUARE

Architect: James Adams Design
Owner: Citic
F&D Development: (Singapore)
Description: 24-story office building with unique entrance and atrium.
Year built: 2003
Site area: 559,000 sq ft
Floor area: about 15,000 sq ft per floor
Gross floor area: 500,000 sq ft
Anchor tenants: Embassy of United Arab Emirates, McKinsey, Health Medical Systems, Austrian Embassy, Emirates Airlines, Citibank, Schwepscor, AET Insurance, Dill Global Forwarding



5 OPHIR-HOCHOR SITE

Development: White site for commercial, hotel and/or residential use.
Site area: 287,065 sq ft
Maximum permissible GFA: 1,772 million sq ft
Tenure: 99 years
Project completion period: 8-11/2 years
Remarks: Can be developed into a 40-story development.



6 THE GATEWAY

Owner: Singapore Land
Architect: ILM RLI
Description: Two 37-story towers each standing at 150m high.
Year built: 1990
Site area: 242,801 sq ft
Floor area: about 10,000 sq ft per floor
Gross floor area: 105,301 sq ft
Anchor tenants: Borealis International, Toshiba Asia Pacific, Zeller Singapore, Cornell Wayne, Kosmeer, Ippanand Repetboard, Pritz, Mastercard Asia Pacific, Brier Hunt Level & Baker, Mitsubishi Heavy Industries, GlaxoSmithKline, Sumitomo Chemical, NKK, Kao Singapore



7 THE PLAZA

Owner: IOL Group, state-side
Description: A mixed-use development along Beach Road, consisting of hotel, shops, office, service apartments and two adjacent four-story commercial buildings.
Year built: 1979
Floor area: 13,000 sq ft
Gross floor area: About 300,000 sq ft
Anchor tenants: Diess World Travel, Teo Pharmaceutical
Recent activity: Minor refurbishment works recently completed



8 CONCOURSE SKYLINE

Architect: The CA Group
Owner: City Developments Ltd
Description: 28- and 40-story towers having a total of 342 units with a seven-story podium block with 18 apartments. The proposed development comprises one to four-bedroom apartments, sky suites, penthouses and super penthouses.
TDR date: End 2012
Average sale price: \$1,590-1,800 p/sf
Year built: 2002
Recent activity: Hong Tat has set aside \$700 million for its construction. This is a redevelopment of existing retail and serviced apartment podiums into two blocks of residential apartments, with commercial space at the first story.



9 THE CONCOURSE

Architect: PwJ Architects
Owner: Hong Tat Corporation
Description: 41-story office block standing at 180m high.
Year built: 1994
Tenure: 99 years
Cost of construction: \$248 million
Site area: 220,563 sq ft
Floor area: about 1.14 million sq ft
Anchor tenants: Boehringer Ingelheim International, Capital Asia Real Estate, Prisons International, Benson Young & Debusch, American Express International, Moreso Young & Debusch
Recent activity: Part of the Concourse retail podium is being redeveloped into the Concourse Skyline.



10 700 BEACH

Owner: Frasers Commercial Trust (Formerly Allied Commercial REIT)
Description: 22-story office tower with a three-story podium, and a four-story car park block with 227 car bays.
Year built: Constructed in 1978 and underwent a \$35-million refurbishment that was completed in early 2000
Tenure: 99 years from 1976
Site area: 78,242 sq ft
Total leasable area: 311,892 sq ft
Recent activity: Former Allied Commercial REIT had acquired the property in October 2007 for \$370 million (\$1,186 p/sf), and it became part of the 3rd floor retail podium.
Floor area: 15,000 sq ft and office tower from 4th floor up have floor plates of 9,600 sq ft.

11 700 BEACH

Architect: Live Chew Heng of Kumpulan Abadi
Owner: Private equity real-estate firm Fine Grain Property
Description: Boutique office development comprising an eight-story lift-style office tower
Year built: 2002
Tenure: 99 years from 2004
Site area: 18,356 sq ft
Floor area: 151 sq ft per floor
Gross floor area: 67,000 sq ft
Sale price: \$70 million
Anchor tenants: Hirsch Bedner Associates, Gompak, Mandarave
Recent activity: The building has just completed major refurbishment works. \$3.5 million have been spent to fully upgrade and reposition it as a boutique office development.



12 GOLDEN HILL COMPLEX

Architect: PP Architects
Owner: CIL, state title
Description: Golden Hill is considered one of the first mixed-use developments in Singapore where residential, commercial and office spaces are integrated into one infrastructure.
Year built: 1973
Tenure: 99 years from 1969
Cost of construction: \$18 million
Site area: 138,931 sq ft
Recent activity: Minor refurbishment works were done in 1983 and 1986. As this is a state-titled mixed development, there had been plans for an office sale, but these have since been shelved given the weak property market.



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